

1
2
3
4
5
6
7 UNITED STATES BANKRUPTCY COURT
8 CENTRAL DISTRICT OF CALIFORNIA
9



21 ***CENTRAL DISTRICT OF CALIFORNIA***
22 ***APPROVED FORM FOR PRODUCING A***
23

24 **CHAPTER 11 DISCLOSURE STATEMENT**
25

26
27 WordPerfect 6.1 (Windows) Format
28

1 NAME OF ATTORNEY - State Bar No. _____
2 NAME OF ATTORNEY - State Bar No. _____
3 NAME OF LAW FIRM
4 Address
5 City, State Zip Code
6 Telephone () -
7 Attorneys for _____

8
9
10 UNITED STATES BANKRUPTCY COURT
11 CENTRAL DISTRICT OF CALIFORNIA

12 In re
13 NAME OF DEBTOR,
14 Debtor

Bk. No. ____ - ____ - ____

In a Case Under Chapter
11 of the Bankruptcy Code
(11 U.S.C. § 1101 et seq.)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
1 DISCLOSURE STATEMENT
DESCRIBING 2 CHAPTER 11
PLAN

Disclosure Statement Hearing

Date: _____
Time: _____
Ctrm: {Insert Courtroom #}
 {Insert Full
 Court Address
 Here}

Plan Confirmation Hearing
Complete This Section When
Applicable

Date: _____
Time: _____
Ctrm: {Insert Courtroom #}
 {Insert Full
 Court Address
 Here}

TABLE OF CONTENTS

I.	INTRODUCTION	1
A.	Purpose of This Document	1
B.	Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing	2
1.	Time and Place of the Confirmation Hearing	3
2.	Deadline for Voting For or Against the Plan	3
3.	Deadline for Objecting to the Confirmation of the Plan	3
4.	Identity of Person to Contact for More Information Regarding the Plan	3
C.	Disclaimer	3
II.	BACKGROUND	4
A.	Description and History of the Debtor's Business	4
B.	Principals/Affiliates of Debtor's Business	4
C.	Management of the Debtor Before and After the Bankruptcy	4
D.	Events Leading to Chapter 11 Filing	4
E.	Significant Events	4
1.	Bankruptcy Proceedings	4
2.	Other Legal Proceedings	4
3.	Actual and Projected Recovery of Preferential or Fraudulent Transfers	5
4.	Procedures Implemented to Resolve Financial Problems	5
5.	Current and Historical Financial Conditions	5
III.	SUMMARY OF THE PLAN OF REORGANIZATION	5
A.	What Creditors and Interest Holders Will Receive Under the Proposed Plan	5
B.	Unclassified Claims	5
1.	Administrative Expenses	6
2.	Priority Tax Claims	7
C.	Classified Claims and Interests	7
1.	Classes of Secured Claims	7
2.	Classes of Priority Unsecured Claims	8
3.	Classes of General Unsecured Claims	9
4.	Class(es) of Interest Holders	10
D.	Means of Effectuating the Plan	10
1.	Funding for the Plan	10
2.	Post-Confirmation Management	10
3.	Disbursing Agent	10
E.	Risk Factors	10
F.	Other Provisions of the Plan	11
1.	Executory Contracts and Unexpired Leases	11
a.	Assumptions	11
b.	Rejections	11
2.	Changes in Rates Subject to Regulatory Approval	12
3.	Retention of Jurisdiction	12
G.	Tax Consequences of Plan	12

1	IV. CONFIRMATION REQUIREMENTS AND PROCEDURES	13
2	A. Who May Vote or Object	13
3	1. Who May Object to Confirmation of the	
4	Plan	13
5	2. Who May Vote to Accept/Reject the Plan	13
6	a. What is an Allowed Claim/Interest	13
7	b. What Is an Impaired Claim/Interest	14
8	3. Who is <u>Not</u> Entitled to Vote	15
9	4. Who Can Vote in More Than One Class	15
10	5. Votes Necessary to Confirm the Plan	16
11	6. Votes Necessary for a Class to Accept the	
12	Plan	16
13	7. Treatment of Nonaccepting Classes	16
14	8. Request for Confirmation Despite Nonacceptance	
15	by Impaired Class(es)	17
16	B. Liquidation Analysis	17
17	C. Feasibility	20
18	V. EFFECTS OF CONFIRMATION OF PLAN	22
19	A. Discharge	22
20	B. Revesting of Property in the Debtor	22
21	C. Modification of Plan	22
22	D. Post-Confirmation Status Report	23
23	E. Post-Confirmation Conversion/Dismissal	23
24	F. Final Decree	23
25	VI. SUPPORTING DECLARATIONS	25
26	EXHIBIT A - LIST OF ALL ASSETS	26
27	EXHIBIT B - FINANCIAL STATEMENT	27
28	EXHIBIT C - UNEXPIRED LEASES TO BE ASSUMED	28
29	EXHIBIT D - EXECUTORY CONTRACTS TO BE ASSUMED	29
30	EXHIBIT E - LIQUIDATION ANALYSIS	30
31	EXHIBIT F - LIST OF ADMINISTRATIVE EXPENSE CLAIMS	31
32	EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS	32
33	EXHIBIT H - LIST OF GENERAL UNSECURED CLAIMS	38
34	EXHIBIT I - LIST OF EQUITY INTERESTS.	39

I.

INTRODUCTION

_____ ³ is the Debtor in a Chapter 11 bankruptcy case.
On _____ ⁴, _____ ⁵ commenced a bankruptcy case by filing
_____ ⁶ Chapter 11 _____ ^{6b} petition under the United States
Bankruptcy Code ("Code"), 11 U.S.C. § 101 et seq., Chapter 11
allows the Debtor, and under some circumstances, creditors and
others parties in interest, to propose a plan of reorganization
("Plan"). The Plan may provide for the Debtor to reorganize by
continuing to operate, to liquidate by selling assets of the
estate, or a combination of both. _____ ⁷ is the party
proposing the Plan sent to you in the same envelope as this
document. THE DOCUMENT YOU ARE READING IS THE DISCLOSURE
STATEMENT FOR THE ENCLOSED PLAN.

This is a _____ ⁸ plan. In other words, the Proponent
seeks to accomplish payments under the Plan by _____ ⁹. The
Effective Date of the proposed Plan is _____ ¹⁰.

A. Purpose of This Document

This Disclosure Statement summarizes what is in the Plan,
and tells you certain information relating to the Plan and the
process the Court follows in determining whether or not to
confirm the Plan.

**READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO
KNOW ABOUT:**

- (1) WHO CAN VOTE OR OBJECT,
- (2) WHAT THE TREATMENT OF YOUR CLAIM IS (i.e., what your
claim will receive if the Plan is confirmed), AND HOW
THIS TREATMENT COMPARES TO WHAT YOUR CLAIM WOULD

- 1 RECEIVE IN LIQUIDATION,
- 2 (3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS
- 3 DURING THE BANKRUPTCY,
- 4 (4) WHAT THINGS THE COURT WILL LOOK AT TO DECIDE WHETHER OR
- 5 NOT TO CONFIRM THE PLAN,
- 6 (5) WHAT IS THE EFFECT OF CONFIRMATION, AND
- 7 (6) WHETHER THIS PLAN IS FEASIBLE.

8 This Disclosure Statement cannot tell you everything about

9 your rights. You should consider consulting your own lawyer to

10 obtain more specific advice on how this Plan will affect you and

11 what is the best course of action for you.

12 Be sure to read the Plan as well as the Disclosure

13 Statement. If there are any inconsistencies between the Plan and

14 the Disclosure Statement, the Plan provisions will govern.

15 The Code requires a Disclosure Statement to contain

16 "adequate information" concerning the Plan. The Bankruptcy Court

17 ("Court") has approved this document as an adequate Disclosure

18 Statement, containing enough information to enable parties

19 affected by the Plan to make an informed judgment about the Plan.

20 Any party can now solicit votes for or against the Plan.

21 **B. Deadlines for Voting and Objecting; Date of Plan**

22 **Confirmation Hearing**

23 THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS

24 DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE

25 NOT YET BINDING ON ANYONE. HOWEVER, IF THE COURT LATER CONFIRMS

26 THE PLAN, THEN THE PLAN WILL BE BINDING ON THE DEBTOR AND ON ALL

27 CREDITORS AND INTEREST HOLDERS IN THIS CASE.

28

1 **1. Time and Place of the Confirmation Hearing**

2 The hearing where the Court will determine whether or not to
3 confirm the Plan will take place on _____¹¹, at _____ {A.M./
4 P.M.}, in Courtroom _____, {Insert Courthouse Name}, {Insert Full
5 Court Address, City, State, Zip Code}.

6 **2. Deadline For Voting For or Against the Plan**

7 If you are entitled to vote, it is in your best interest to
8 timely vote on the enclosed ballot and return the ballot in the
9 enclosed envelope to _____¹².

10 Your ballot must be received by _____¹³ or it will not
11 be counted.

12 **3. Deadline For Objecting to the Confirmation of the Plan**

13 Objections to the confirmation of the Plan must be filed
14 with the Court and served upon _____¹⁴ by _____¹⁵.

15 **4. Identity of Person to Contact for More Information**
16 **Regarding the Plan**

17 Any interested party desiring further information about the
18 Plan should contact _____¹⁶.

19 **C. Disclaimer**

20 The financial data relied upon in formulating the Plan is
21 based on _____¹⁷. The information contained in this
22 Disclosure Statement is provided by _____¹⁸. The Plan
23 Proponent represents that everything stated in the Disclosure
24 Statement is true to the Proponent's best knowledge. The Court
25 has not yet determined whether or not the Plan is confirmable and
26 makes no recommendation as to whether or not you should support
27 or oppose the Plan.
28

1 II.

2 BACKGROUND

3 A. Description and History of the Debtor's Business

4 The Debtor is a ¹⁹_____.

5 The Debtor is in the business of ²⁰_____.

6 The Debtor has been in this business since ²¹_____.

7 B. Principals/Affiliates of Debtor's Business

8 ²²_____.

9 C. Management of the Debtor Before and After the Bankruptcy

10 ²³_____.

11 D. Events Leading to Chapter 11 Filing

12 Here is a brief summary of the circumstances that led to the
13 filing of this Chapter 11 case:

14 ²⁴_____.

15 E. Significant Events During the Bankruptcy

16 1. Bankruptcy Proceedings

17 The following is a chronological list of significant events
18 which have occurred during this case: ²⁵_____

19 The Court has approved the employment of the following
20 professionals: ²⁶_____

21 Currently, the following significant adversary proceedings
22 and motions are still pending: ²⁷_____.

23 2. Other Legal Proceedings

24 In addition to the proceedings discussed above, the Debtor
25 is currently involved in the following nonbankruptcy legal
26 proceedings:

27 ²⁸_____.

1 **3. Actual and Projected Recovery of Preferential or**
2 **Fraudulent Transfers** ²⁹

3 ³⁰ is estimated to be realized from the recovery
4 of fraudulent and preferential transfers. The following is a
5 summary of the fraudulent conveyance and preference actions filed
6 or to be filed in this case: ³¹

7 **4. Procedures Implemented to Resolve Financial Problems**

8 To attempt to fix the problems that led to the bankruptcy
9 filing, Debtor has implemented the following procedures: ³²

10 **5. Current and Historical Financial Conditions**

11 ³³.

12 The identity and fair market value of the estate's assets
13 are listed in Exhibit A. See also the Debtor's financial history
14 set forth in Exhibit B.

15
16
17 **III.**

18 **SUMMARY OF THE PLAN OF REORGANIZATION**

19 **A. What Creditors and Interest Holders Will Receive Under The**
20 **Proposed Plan**

21 As required by the Bankruptcy Code, the Plan classifies
22 claims and interests in various classes according to their right
23 to priority. The Plan states whether each class of claims or
24 interests is impaired or unimpaired. The Plan provides the
25 treatment each class will receive.

26 **B. Unclassified Claims**

27 Certain types of claims are not placed into voting classes;
28 instead they are unclassified. They are not considered impaired

1 and they do not vote on the Plan because they are automatically
2 entitled to specific treatment provided for them in the
3 Bankruptcy Code. As such, the Proponent has not placed the
4 following claims in a class.

5 **1. Administrative Expenses**

6 Administrative expenses are claims for costs or expenses of
7 administering the Debtor's Chapter 11 case which are allowed
8 under Code section 507(a)(1). The Code requires that all
9 administrative claims be paid on the Effective Date of the Plan,
10 unless a particular claimant agrees to a different treatment.³⁴

11 The following chart lists all of the Debtor's § 507(a)(1)
12 administrative claims and their treatment under the Plan³⁵ (see
13 Exhibit F for detailed information about each administrative
14 expense claim):

15

<u>Name</u>	<u>Amount Owed</u>	<u>Treatment</u>
Clerk's Office Fees		Paid in full on Effective Date ³⁶
Office of the U.S. Trustee Fees		Paid in full on Effective Date
	TOTAL	

22

23 Court Approval of Fees Required:

24 The Court must rule on all fees listed in this chart before
25 the fees will be owed. For all fees except Clerk's Office fees
26 and U.S. Trustee's fees, the professional in question must file
27 and serve a properly noticed fee application and the Court must
28 rule on the application. Only the amount of fees allowed by the
Court will be owed and required to be paid under this Plan.

As indicated above, the Debtor will need to pay ³⁷ _____ worth of administrative claims on the Effective Date of the Plan unless the claimant has agreed to be paid later or the Court has not yet ruled on the claim. As indicated elsewhere in this Disclosure Statement, Debtor will have ³⁸ _____ amount of cash on hand on the Effective Date of the Plan. The source of this cash will be ³⁹ _____.

2. Priority Tax Claims

Priority tax claims are certain unsecured income, employment and other taxes described by Code Section 507(a)(8)⁴⁰. The Code requires that each holder of such a 507(a)(8) priority tax claim receive the present value of such claim in deferred cash payments, over a period not exceeding six years from the date of the assessment of such tax.

The following chart lists all of the Debtor's Section 507(a)(8)⁴¹ priority tax claims and their treatment under the Plan:

Description	Amount Owed	Treatment ⁴²
● Name =		● Pymt interval ⁴³ =
● Type of tax =		● Pymt amt/interval ⁴⁴ =
● Date tax assessed =		● Begin date ⁴⁵ =
		● End date ⁴⁶ =
		● Interest Rate % ⁴⁷ =
		● Total Payout Amount ⁴⁸ ___ % = \$
● Name =		● Pymt interval =
● Type of tax =		● Pymt amt/interval =
● Date tax assessed =		● Begin date =
		● End date =
		● Interest Rate % =
		● Total Payout Amount % = \$

C. Classified Claims and Interests

1. Classes of Secured Claims

Secured claims are claims secured by liens on property of

the estate. The following chart lists all classes containing Debtor's secured pre-petition claims and their treatment under this Plan^{48a}:

<u>CLASS#</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> (Y/N)	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
	Secured claim of: ● Name = ● Collateral description = ● Collateral value = ● Priority of security int. = ● Principal owed = ● Pre-pet. arrearage amount = ● Post-pet. arrearage amount = ● Total claim amount =		⁴⁹	● Pymt interval = ● Pymt amt/interval = ● Balloon pymt ⁵⁰ = ● Begin date = ● End date = \$ ● Interest rate % =
	Secured claim of: ● Name = ● Collateral description = ● Collateral value = ● Priority of security int. = ● Principal owed = ● Pre-pet. arrearage amount = ● Post-pet. arrearage amount = ● Total claim amount =			● Pymt interval = ● Pymt amt/interval = ● Balloon pymt = ● Begin date = ● End date = ● Interest rate % = ● Total payout % = \$ ● Treatment of Lien =

2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in Code Sections 507(a)(3), (4), (5), (6), and (7)⁵¹ are required to be placed in classes. These types of claims are entitled to priority treatment as follows: the Code requires that each holder of such a claim receive cash on the Effective Date equal to the allowed

amount of such claim. However, a class of unsecured priority claim holders may vote to accept deferred cash payments of a value, as of the Effective Date, equal to the allowed amount of such claims.

The following chart lists all classes containing Debtor's 507(a)(3), (a)(4), (a)(5), (a)(6), and (a)(7)⁵² priority unsecured claims and their treatment under this Plan (see Exhibit G for more detailed information about each priority unsecured claim)⁵³.

<u>CLASS#</u>	<u>DESCRIPTION</u>	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
	Priority unsecured claim pursuant to ⁵⁴ ● Total amt of claims = ⁵⁵		● Paid in full in cash on Effective Date ⁵⁶
	Priority unsecured claim pursuant to ⁵⁷ ● Total amt of claims = ⁵⁸		● Paid in full in cash on Effective Date

3. Class of General Unsecured Claims

General unsecured claims are unsecured claims not entitled to priority under Code Section 507(a). The following chart identifies this Plan's treatment of the class containing all of Debtor's general unsecured claims (see Exhibit H for detailed information about each general unsecured claim):

<u>CLASS#</u>	<u>DESCRIPTION</u>	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
	General unsecured claims ● Total amt of claims =	⁵⁹	<ul style="list-style-type: none"> ● Pymt interval = ● Pymt amt/interval = ● Begin date = ● End date = ● Interest rate % = ● Total payout ^{59a} ___ % = \$

^{59b.}

^{59c.}

1 **4. Class(es) of Interest Holders**

2 Interest holders are the parties who hold ownership interest
3 (i.e., equity interest) in the Debtor. If the Debtor is a
4 corporation, entities holding preferred or common stock in the
5 Debtor are interest holders. If the Debtor is a partnership, the
6 interest holders include both general and limited partners. If
7 the Debtor is an individual, the Debtor is the interest holder.
8 The following chart identifies the Plan's treatment of the
9 class⁶⁰ of interest holders (see Exhibit I for more detailed
10 information about each interest holder):

11

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED</u> <u>(Y/N)</u>	<u>TREATMENT</u>
	Interest holders	⁶¹	

14

15 **D. Means of Effectuating the Plan**

16 **1. Funding for the Plan**

17 The Plan will be funded by the following: ⁶².

18 **2. Post-confirmation Management**

19 ⁶³

20 **3. Disbursing Agent**

21 ⁶⁴ shall act as the disbursing agent for the
22 purpose of making all distributions provided for under the Plan.
23 The Disbursing Agent shall serve ⁶⁵ bond and shall
24 receive ⁶⁶ for distribution services rendered and
25 expenses incurred pursuant to the Plan.

26 **E. Risk Factors**

27 The proposed Plan has the following risks: ⁶⁷

1 **F. Other Provisions of the Plan**

2 **1. Executory Contracts and Unexpired Leases**

3 **a. Assumptions**

4 The following are the unexpired leases and executory
5 contracts to be assumed as obligations of the reorganized Debtor
6 under this Plan (see Exhibit C for more detailed information on
7 unexpired leases to be assumed and Exhibit D for more detailed
8 information on executory contracts to be assumed):

9 68

10 On the Effective Date, each of the unexpired leases and
11 executory contracts listed above shall be assumed as obligations
12 of the reorganized Debtor. The Order of the Court confirming the
13 Plan shall constitute an Order approving the assumption of each
14 lease and contract listed above. If you are a party to a lease
15 or contract to be assumed and you object to the assumption of
16 your lease or contract, you must file and serve your objection to
17 the Plan within the deadline for objecting to the confirmation of
18 the Plan. See Section {I.B.3.} of this document for the specific
19 date.

20 **b. Rejections**

21 On the Effective Date, the following executory contracts and
22 unexpired leases will be rejected:

23 69

24 The order confirming the Plan shall constitute an Order
25 approving the rejection of the lease or contract. If you are a
26 party to a contract or lease to be rejected and you object to the
27 rejection of your contract or lease, you must file and serve your
28 objection to the Plan within the deadline for objecting to the

1 confirmation of the Plan. See Section {I.B.3.} of this document
2 for the specific date.

3 THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM
4 ARISING FROM THE REJECTION OF A LEASE OR CONTRACT IS 70.
5 Any claim based on the rejection of a contract or lease will be
6 barred if the proof of claim is not timely filed, unless the
7 Court later orders otherwise.

8 **2. Changes in Rates Subject to Regulatory Commission**
9 **Approval**

10 This Debtor 71 subject to governmental
11 regulatory commission approval of its rates^{71a}.

12 **3. Retention of Jurisdiction.**

13 The Court will retain jurisdiction to the extent provided
14 by law.^{71b}

15 **G. Tax Consequences of Plan**

16 CREDITORS AND INTEREST HOLDERS CONCERNED WITH HOW THE PLAN
17 MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN
18 ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS. The following disclosure
19 of possible tax consequences is intended solely for the purpose
20 of alerting readers about possible tax issues this Plan may
21 present to the Debtor. The Proponent CANNOT and DOES NOT
22 represent that the tax consequences contained below are the only
23 tax consequences of the Plan because the Tax Code embodies many
24 complicated rules which make it difficult to state completely and
25 accurately all the tax implications of any action.

26 The following are the tax consequences which the Plan will
27 have on the Debtor's tax liability: 72

1 IV.

2 CONFIRMATION REQUIREMENTS AND PROCEDURES

3 PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OR THIS PLAN
4 SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON
5 CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The
6 following discussion is intended solely for the purpose of
7 alerting readers about basic confirmation issues, which they may
8 wish to consider, as well as certain deadlines for filing claims.
9 The proponent CANNOT and DOES NOT represent that the discussion
10 contained below is a complete summary of the law on this topic.

11 Many requirements must be met before the Court can confirm a
12 Plan. Some of the requirements include that the Plan must be
13 proposed in good faith, acceptance of the Plan, whether the Plan
14 pays creditors at least as much as creditors would receive in a
15 Chapter 7 liquidation, and whether the Plan is feasible. These
16 requirements are not the only requirements for confirmation.

17 A. Who May Vote or Object

18 1. Who May Object to Confirmation of the Plan

19 Any party in interest may object to the confirmation of the
20 Plan, but as explained below not everyone is entitled to vote to
21 accept or reject the Plan.

22 2. Who May Vote to Accept/Reject the Plan

23 A creditor or interest holder has a right to vote for or
24 against the Plan if that creditor or interest holder has a claim
25 which is both (1) allowed or allowed for voting purposes and (2)
26 classified in an impaired class.

27 a. What Is an Allowed Claim/Interest

28 As noted above, a creditor or interest holder must first

1 have an allowed claim or interest to have the right to vote.

2 Generally, any proof of claim or interest will be allowed, unless
3 a party in interest brings a motion objecting to the claim. When
4 an objection to a claim or interest is filed, the creditor or
5 interest holder holding the claim or interest cannot vote unless
6 the Court, after notice and hearing, either overrules the
7 objection or allows the claim or interest for voting purposes.

8 THE BAR DATE FOR FILING A PROOF OF CLAIM IN THIS CASE WAS

9 73. A creditor or interest holder may have an allowed
10 claim or interest even if a proof of claim or interest was not
11 timely filed. A claim is deemed allowed if (1) it is scheduled
12 on the Debtor's schedules and such claim is not scheduled as
13 disputed, contingent, or unliquidated, and (2) no party in
14 interest has objected to the claim. An interest is deemed allowed
15 if it is scheduled and no party in interest has objected to the
16 interest. Consult Exhibits F through L to see how the Proponent
17 has characterized your claim or interest.

18 **b. What Is an Impaired Claim/Interest**

19 As noted above, an allowed claim or interest only has the
20 right to vote if it is in a class that is impaired under the
21 Plan. A class is impaired if the Plan alters the legal,
22 equitable, or contractual rights of the members of that class.
23 For example, a class comprised of general unsecured claims is
24 impaired if the Plan fails to pay the members of that class 100%
25 of what they are owed.

26 In this case, the Proponent believes that classes 74
27 are impaired and that holders of claims in each of these classes
28 are therefore entitled to vote to accept or reject the Plan. The

1 Proponent believes that classes _____⁷⁵ are unimpaired and that
2 holders of claims in each of these classes therefore do not have
3 the right to vote to accept or reject the Plan. Parties who
4 dispute the Proponent's characterization of their claim or
5 interest as being impaired or unimpaired may file an objection to
6 the Plan contending that the Proponent has incorrectly
7 characterized the class.

8 **3. Who is Not Entitled to Vote**

9 The following four types of claims are not entitled to vote:
10 (1) claims that have been disallowed; (2) claims in unimpaired
11 classes; (3) claims entitled to priority pursuant to Code
12 sections 507(a)(1), (a)(2), and (a)(8)⁷⁶; and (4) claims in
13 classes that do not receive or retain any value under the Plan.
14 Claims in unimpaired classes are not entitled to vote because
15 such classes are deemed to have accepted the Plan. Claims
16 entitled to priority pursuant to Code sections 507(a)(1), (a)(2),
17 and (a)(7) are not entitled to vote because such claims are not
18 placed in classes and they are required to receive certain
19 treatment specified by the Code. Claims in classes that do not
20 receive or retain any value under the Plan do not vote because
21 such classes are deemed to have rejected the Plan. EVEN IF YOUR
22 CLAIM IS OF THE TYPE DESCRIBED ABOVE, YOU MAY STILL HAVE A RIGHT
23 TO OBJECT TO THE CONFIRMATION OF THE PLAN.

24 **4. Who Can Vote in More Than One Class**

25 A creditor whose claim has been allowed in part as a secured
26 claim and in part as an unsecured claim is entitled to accept or
27 reject a Plan in both capacities by casting one ballot for the
28 secured part of the claim and another ballot for the unsecured

1 claim.

2 **5. Votes Necessary to Confirm the Plan**

3 If impaired classes exist, the Court cannot confirm the Plan
4 unless (1) at least one impaired class has accepted the Plan
5 without counting the votes of any insiders within that class, and
6 (2) all impaired classes have voted to accept the Plan, unless
7 the Plan is eligible to be confirmed by "cramdown" on non-
8 accepting classes, as discussed later in Section {IV.A.8.}.

9 **6. Votes Necessary for a Class to Accept the Plan**

10 A class of claims is considered to have accepted the Plan
11 when more than one-half (1/2) in number and at least two-thirds
12 (2/3) in dollar amount of the claims which actually voted, voted
13 in favor of the Plan. A class of interests is considered to have
14 accepted the Plan when at least two-thirds (2/3) in amount of the
15 interest-holders of such class which actually voted, voted to
16 accept the Plan.

17 **7. Treatment of Nonaccepting Classes**

18 As noted above, even if all impaired classes do not accept
19 the proposed Plan, the Court may nonetheless confirm the Plan if
20 the nonaccepting classes are treated in the manner required by
21 the Code. The process by which nonaccepting classes are forced
22 to be bound by the terms of the Plan is commonly referred to as
23 "cramdown." The Code allows the Plan to be "crammed down" on
24 nonaccepting classes of claims or interests if it meets all
25 consensual requirements except the voting requirements of
26 1129(a)(8) and if the Plan does not "discriminate unfairly" and
27 is "fair and equitable" toward each impaired class that has not
28 voted to accept the Plan as referred to in 11 U.S.C. § 1129(b)

1 and applicable case law.

2 **8. Request for Confirmation Despite Nonacceptance by**
3 **Impaired Class(es)**

4 The party proposing this Plan 77 asks the Court to
5 confirm this Plan by cramdown on impaired classes 77a if
6 any of these classes do not vote to accept the Plan.

7 Please note that the proposed Plan treatment described by
8 this Disclosure Statement cannot be crammed down on the following
9 classes : 78. AS A RESULT, IF ANY OF THESE CLASSES DOES
10 NOT VOTE TO ACCEPT THE PLAN, THE PLAN WILL NOT BE CONFIRMED.⁷⁹

11 **B. Liquidation Analysis**

12 Another confirmation requirement is the "Best Interest
13 Test", which requires a liquidation analysis. Under the Best
14 Interest Test, if a claimant or interest holder is in an impaired
15 class and that claimant or interest holder does not vote to
16 accept the Plan, then that claimant or interest holder must
17 receive or retain under the Plan property of a value not less
18 than the amount that such holder would receive or retain if the
19 Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

20 In a Chapter 7 case, the Debtor's assets are usually sold by
21 a Chapter 7 trustee. Secured creditors are paid first from the
22 sales proceeds of properties on which the secured creditor has a
23 lien. Administrative claims are paid next. Next, unsecured
24 creditors are paid from any remaining sales proceeds, according
25 to their rights to priority. Unsecured creditors with the same
26 priority share in proportion to the amount of their allowed claim
27 in relationship to the amount of total allowed unsecured claims.
28 Finally, interest holders receive the balance that remains after

1 all creditors are paid, if any.

2 For the Court to be able to confirm this Plan, the Court
3 must find that all creditors and interest holders who do not
4 accept the Plan will receive at least as much under the Plan as
5 such holders would receive under a Chapter 7 liquidation. The
6 Plan Proponent maintains that this requirement is met here for
7 the following reasons: ⁸⁰_____.

8 Below is a demonstration, in balance sheet format, that all
9 creditors and interest holders will receive at least as much
10 under the Plan as such creditor or interest holder would receive
11 under a Chapter 7 liquidation. (See Exhibit E for a detailed
12 explanation of how the following assets are valued. This
13 information is provided by ¹⁸_____.)

ASSETS VALUE AT LIQUIDATION VALUES⁸¹:

CURRENT ASSETS

a.	Cash on hand	\$
b.	Accounts receivable	\$
c.	Inventories	\$

TOTAL CURRENT ASSETS		\$
----------------------	--	----

FIXED ASSETS

a.	Office furniture & equipment	\$
b.	Machinery & equipment	\$
c.	Automobiles	\$
d.	Building & Land ⁸²	\$

TOTAL FIXED ASSETS		\$
--------------------	--	----

OTHER ASSETS

a.	Customer list	\$
b.	Other intangibles	\$

TOTAL OTHER ASSETS		\$
--------------------	--	----

TOTAL ASSETS AT LIQUIDATION VALUE		\$
--	--	-----------

Less:

Secured creditor's recovery ¹		\$
--	--	----

Less:

Chapter 7 trustee fees and expenses		\$
-------------------------------------	--	----

Less:

Chapter 11 administrative expenses		\$
------------------------------------	--	----

Less:

Priority claims, excluding administrative expense claims		\$
---	--	----

Less:

Debtor's claimed exemptions		\$
-----------------------------	--	----

(1) Balance for unsecured claims		\$
----------------------------------	--	----

(2) Total amt of unsecured claims		\$
-----------------------------------	--	----

**% OF THEIR CLAIMS WHICH UNSECURED CREDITORS WOULD RECEIVE
OR RETAIN IN A CH. 7 LIQUIDATION²: = ⁸³**

**% OF THEIR CLAIMS WHICH UNSECURED CREDITORS WILL RECEIVE
OR RETAIN UNDER THIS PLAN: = ⁸⁴**

^{1/} Note: The deficiency portion of a secured recourse claim must be added to the total amount of unsecured claims.

^{2/} Note: If this percentage is greater than the amount to be paid to the unsecured creditors on a "present value basis" under the Plan, the Plan is not confirmable unless Proponent obtains acceptance by every creditor in the general unsecured class.

Below is a demonstration, in tabular format, that all creditors and interest holders will receive at least as much under the Plan as such creditor or holder would receive under a Chapter 7 liquidation.

<u>CLAIMS & CLASSES⁸⁵</u>	<u>PAYOUT PERCENTAGE UNDER THE PLAN</u>	<u>PAYOUT PERCENTAGE IN CHAPTER 7 LIQUIDATION</u>
Administrative Claims		
Priority Tax Claims		
Class 1 - <u>86</u>		
Class 2 - <u>87</u>		
Class 3 - <u>88</u>		
Class 4 - <u>89</u>		

C. Feasibility

Another requirement for confirmation involves the feasibility of the Plan, which means that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan.

There are at least two important aspects of a feasibility analysis. The first aspect considers whether the Debtor will have enough cash on hand on the Effective Date of the Plan to pay all the claims and expenses which are entitled to be paid on such date. The Plan Proponent maintains that this aspect of feasibility is satisfied as illustrated here:

Cash Debtor will have on hand by Effective Date ⁹⁰	\$ _____
To Pay: Administrative claims	- _____
To Pay: Statutory costs & charges	- _____
To Pay: Other Plan Payments due on Effective Date	- _____
Balance after paying these amounts.....	\$ _____

1 The sources of the cash Debtor will have on hand by the Effective
2 Date, as shown above are:

3	\$ _____	Cash in DIP Account now
4	+ _____	Additional cash DIP will accumulate from
5		net earnings between now and Effective Date
6	+ _____	Borrowing
7	+ _____	Capital Contributions
8	+ _____	Other
9	\$ _____	Total⁹¹

10 Borrowing is from _____⁹² and will be paid back as
11 follows: _____⁹³.

12 The second aspect considers whether the Proponent will have
13 enough cash over the life of the Plan to make the required Plan
14 payments.⁹⁴

15 The Proponent has provided financial statements which
16 include both historical and projected financial information.
17 Please refer to Exhibit B for the relevant financial statements.
18 YOU ARE ADVISED TO CONSULT WITH YOUR ACCOUNTANT OR FINANCIAL
19 ADVISOR IF YOU HAVE ANY QUESTIONS PERTAINING TO THESE FINANCIAL
20 STATEMENTS.

21 In summary, the Plan proposes to pay _____⁹⁵ each
22 _____⁹⁶. As Debtor's financial projections demonstrate,
23 Debtor will have an average cash flow, after paying operating
24 expenses and post-confirmation taxes, of _____⁹⁷ each _____⁹⁸
25 for the life of the Plan. The final Plan payment is expected to
26 be paid on _____⁹⁹. The Plan Proponent contends that Debtor's
27 financial projections are feasible. As shown by Debtor's
28 historical financial statements, Debtor's average _____¹⁰⁰

1 cash flow, after paying operating expenses and post-confirmation
2 taxes, in the three years preceding the filing of this bankruptcy
3 case is ¹⁰¹_____. Debtor's average ¹⁰²_____ cash flow, after
4 paying operating expenses and post-confirmation taxes, during the
5 bankruptcy case is ¹⁰³_____. Furthermore, as discussed
6 earlier in the Disclosure Statement at Section {II.E.4}, Debtor
7 has implemented procedures to ¹⁰⁴_____.

8
9 **V.**

10 **EFFECT OF CONFIRMATION OF PLAN**

11 **A. Discharge¹⁰⁵**

12 This Plan provides that upon ¹⁰⁶_____, Debtor shall be
13 discharged of liability for payment of debts incurred before
14 confirmation of the Plan, to the extent specified in 11 U.S.C. §
15 1141. However, the discharge will not discharge any liability
16 imposed by the Plan.

17 **B. Revesting of Property in the Debtor**

18 Except as provided in Section {V.E.}, and except as provided
19 elsewhere in the Plan, the confirmation of the Plan revests all
20 of the property of the estate in the Debtor.

21 **C. Modification of Plan**

22 The Proponent of the Plan may modify the Plan at any time
23 before confirmation. However, the Court may require a new
24 disclosure statement and/or revoting on the Plan.

25 The Proponent of the Plan may also seek to modify the Plan
26 at any time after confirmation only if (1) the Plan has not
27 been substantially consummated and (2) the Court authorizes the
28

1 proposed modifications after notice and a hearing.

2 **D. Post-Confirmation Status Report**

3 Within 120 days of the entry of the order confirming the
4 Plan, Plan Proponent shall file a status report with the Court
5 explaining what progress has been made toward consummation of the
6 confirmed Plan. The status report shall be served on the United
7 States Trustee, the twenty largest unsecured creditors, and those
8 parties who have requested special notice. Further status reports
9 shall be filed every 120 days and served on the same entities.

10 **E. Post-Confirmation Conversion/Dismissal**

11 A creditor or party in interest may bring a motion to
12 convert or dismiss the case under § 1112(b), after the Plan is
13 confirmed, if there is a default in performing the Plan. If the
14 Court orders, the case converted to Chapter 7 after the Plan is
15 confirmed, then all property that had been property of the
16 Chapter 11 estate, and that has not been disbursed pursuant to
17 the Plan, will revert in the Chapter 7, estate. The automatic
18 stay will be reimposed upon the reverted property, but only to
19 the extent that relief from stay was not previously authorized by
20 the Court during this case.

21 The order confirming the Plan may also be revoked under very
22 limited circumstances. The Court may revoke the order if the
23 order of confirmation was procured by fraud and if the party in
24 interest brings an adversary proceeding to revoke confirmation
25 within 180 days after the entry of the order of confirmation.

26 **F. Final Decree**

27 Once the estate has been fully administered as referred to
28 in Bankruptcy Rule 3022, the Plan Proponent, or other party as

1 the Court shall designate in the Plan Confirmation Order, shall
2 file a motion with the Court to obtain a final decree to close
3 the case.
4

5 Date: _____
6

7
8 _____
9 Name and Identity of Plan Proponent

10 _____
11 Signature of Plan Proponent
(optional unless party is pro se)

12 _____
13 Signature of Attorney for Plan Proponent

14 _____
15 Name of Attorney for Plan Proponent

16 _____
17 Name of Law Firm for Plan Proponent
18
19
20
21
22
23
24
25
26
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

VI .
SUPPORTING DECLARATIONS¹⁰⁷

EXHIBIT A - LIST OF ALL ASSETS¹⁰⁸

EXHIBIT B - FINANCIAL STATEMENTS

As directed by the Court, the historical financial statements for the three years preceding the petition date and projected financial statements for the life of the Plan are attached.¹⁰⁹ This information is supplied by _____¹⁸ and is based on the _____¹⁷.

EXHIBIT C - UNEXPIRED LEASES TO BE ASSUMED^{109a}

LEASES	ARREARS/DMGS	METHODS OF CURE
<ul style="list-style-type: none"> ● Description = ¹¹⁰ ● Lessor's name = ● Lessee's name = ● Expiration date = 	<ul style="list-style-type: none"> ● Default amt = ● Actual pecuniary loss¹¹¹ = 	<ul style="list-style-type: none"> ● Method of curing default & loss = ● Means of assuring future performance¹¹² =
<ul style="list-style-type: none"> ● Description = ● Lessor's name = ● Lessee's name = ● Expiration date = 	<ul style="list-style-type: none"> ● Default amt = ● Actual pecuniary loss = 	<ul style="list-style-type: none"> ● Method of curing default & loss = ● Means of assuring future performance =
<ul style="list-style-type: none"> ● Description = ● Lessor's name = ● Lessee's name = ● Expiration date = 	<ul style="list-style-type: none"> ● Default amt = ● Actual pecuniary loss = 	<ul style="list-style-type: none"> ● Method of curing default & loss = ● Means of assuring future performance =

EXHIBIT D - EXECUTORY CONTRACTS TO BE ASSUMED

CONTRACT	DEFAULT/DMGS	METHODS OF CURE
<ul style="list-style-type: none"> Contract description = Contracting parties = <ol style="list-style-type: none"> 1. 2. 	<ul style="list-style-type: none"> Default amt = Actual pecuniary loss = 	<ul style="list-style-type: none"> Method of curing default & loss = Means of assuring performance =
<ul style="list-style-type: none"> Contract description = Contracting parties = <ol style="list-style-type: none"> 1. 2. 	<ul style="list-style-type: none"> Default amt = Actual pecuniary loss = 	<ul style="list-style-type: none"> Method of curing default & loss = Means of assuring performance =
<ul style="list-style-type: none"> Contract description = Contracting parties = <ol style="list-style-type: none"> 1. 2. 	<ul style="list-style-type: none"> Default amt = Actual pecuniary loss = 	<ul style="list-style-type: none"> Method of curing default & loss = Means of assuring performance =

EXHIBIT E - LIQUIDATION ANALYSIS
SUPPORTING VALUATION

CURRENT ASSETS:

CASH ON HAND¹¹³

a. Acct Number:	\$	
b. Acct Number:	\$	
c. Total Cash		\$

ACCOUNTS RECEIVABLE

a. Accounts receivable	\$	
b. Less: uncollectible accounts	\$	
c. Net Accounts Receivables		\$

INVENTORIES¹¹⁴

\$

FIXED ASSETS:

OFFICE FURNITURE, MACHINERY & EQUIPMENT¹¹⁵

\$

TRANSPORTATION EQUIPMENT¹¹⁶

\$

BUILDINGS, LAND & OTHER REAL PROPERTY¹¹⁷

a. Real Property at:	\$	
b. Real Property at:	\$	
c. Total		\$

OTHER ASSETS:¹¹⁸

\$

TOTAL ASSETS AT LIQUIDATION VALUE

\$
=====

EXHIBIT F - LIST OF ADMINISTRATIVE EXPENSE CLAIMS

UNCLASSIFIED CLAIMS: ADMINISTRATIVE CLAIMS						
Name	Code §	Amounts (Allowed + Estimated = Total Amount - Paid = Total Due)				
		Allowed to date	Estimated	Total Amount	Paid	Total Due
==> <u>Insert rows here.</u>						
TOTAL AMOUNTS						

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

CLASSIFIED CLAIMS: §507(a)(3) PRIORITY CLAIMS							
Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U*	Amount	Objection
	<== <u>Insert rows here.</u>						
TOTAL AMOUNT FOR CLASS							

* Disputed/contingent/unliquidated

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

CLASSIFIED CLAIMS: §507(a)(4) PRIORITY CLAIMS							
Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U*	Amount	Objection
	<== <u>Insert rows here.</u>						
TOTAL AMOUNT FOR CLASS							

* Disputed/contingent/unliquidated

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

CLASSIFIED CLAIMS: §507(a)(5) PRIORITY CLAIMS							
Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U*	Amount	Objection
	<== <u>Insert rows here.</u>						
TOTAL AMOUNT FOR CLASS							

* Disputed/contingent/unliquidated

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

CLASSIFIED CLAIMS: §507(a)(6) PRIORITY CLAIMS							
Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U*	Amount	Objection
	<== <u>Insert rows here.</u>						
TOTAL AMOUNT FOR CLASS							

* Disputed/contingent/unliquidated

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

CLASSIFIED CLAIMS: §507(a)(7) PRIORITY CLAIMS							
Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U*	Amount	Objection
	<== <u>Insert rows here.</u>						
TOTAL AMOUNT FOR CLASS							

* Disputed/contingent/unliquidated

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

CLASSIFIED CLAIMS: §507(a)(8) PRIORITY CLAIMS							
Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U*	Amount	Objection
	<== <u>Insert rows here.</u>						
TOTAL AMOUNT FOR CLASS							

* Disputed/contingent/unliquidated

EXHIBIT H - LIST OF GENERAL UNSECURED CLAIMS

[illegible]

* Disputed/contingent/unliquidated

EXHIBIT I - LIST OF EQUITY INTERESTS

CLASSIFIED INTEREST: EQUITY SECURITY INTEREST HOLDERS							
Class	Name	Insider	Impaired	SCHEDULED INTERESTS		FILED INTERESTS	
				Percentage	D/C/U*	Percentage	Objection
	<== <u>Insert rows here.</u>						

* Disputed/contingent/unliquidated

CROSS REFERENCE KEY

I. Overview to Cross Reference Key

This Disclosure Statement is a "fill in the blank form."

The user only fills in the blanks. DO NOT CHANGE THE LANGUAGE IN THE REST OF THE FORM, EXCEPT IN THE FEW PLACES WHERE THE INSTRUCTIONS EXPRESSLY TELL YOU THAT YOU MAY OMIT A SENTENCE OR CLASS IF IT IS NOT NEEDED FOR YOUR CASE.

As you read this Form, you will notice blanks with numbers in them, and also numbers at the end of certain sentences or phrases.

- * Here is an example of a blank with a number:

1

- * Here is an example of a sentence with a number:

This is an example.²

These numbers refer to the numbered instructions in this "Cross Reference Key." When you encounter one of these numbers in the form itself, you need to refer to the "Cross Reference Key," and read the applicable numbered instruction. In our example above, instructions number 1 and 2 would be applicable instructions. Follow the instructions to fill in the needed information.

a. Why the Instructions in this Cross Reference Key are in Two Different Types of Print

When you read the numbered instructions in the "Cross Reference Key" you will see that these instructions are printed in two different types of print, Courier New 12 pt. and Helvetica 10 pt.

Instructions in Courier New 12 pt. font (the font you are currently reading), mean that you are to simply provide the information requested in the endnote and insert it in the corresponding blank. For example, if instruction number 1 states "Debtor's name", then you should insert the Debtor's name in blank number 1.

Instructions in Helvetica 10 pt. font may contain explanations on how to use the disclosure statement form, explanations of the law, or examples of what should be inserted in a particular blank. Read and follow these instructions also.

II. Key Notes 1 through 118

1. Put which version of Disclosure Statement (Original, First Amended, Second Amended Disclosure Statement). Do not use the term "Modified" when describing any version subsequent to the Original.
2. Put what Plan is being described (Original, First Amended, Second Amended Plan, etc.)
3. Debtor's name.
4. Petition date.
5. Insert the applicable information, depending on who filed the petition:
 - (a) Debtor's name
 - (b) Names of the petitioning creditors
6. Insert one of the following:
 - (a) a voluntary
 - (b) an involuntary
- 6b. If case was commenced in a chapter other than Chapter 11 and later converted to Chapter 11, so state and state date of conversion to Chapter 11.
7. Proponent's name.
8. Insert the applicable phrases:
 - (a) liquidating
 - (b) reorganizing
 - (c) combined liquidating and reorganizing
9. Provide a brief summary of how Proponent proposes to fund the Plan. If applicable, include statement that this plan is a joint plan, or is otherwise related to a plan in another bankruptcy case, or is a consensual plan between one or more parties to this Chapter 11 case.
10. Effective date of the Plan.
11. Date of the confirmation hearing.
12. Name, address, and telephone number of the Plan Proponent or Counsel to the Plan Proponent.

If applicable, the Disclosure Statement should indicate that there are two or more competing plans, and should tell readers to look at their ballots for special instructions on marking them. The ballots should be modified to contain any applicable special instructions.
13. Deadline for receipt of ballots. **(Note:** This date will be provided by the Court at the hearing where the Court approves the Disclosure Statement.)

14. Name and address of the Plan Proponent or Counsel to the Plan Proponent.
15. Deadline for filing and serving any objection to the confirmation of the Plan. **(Note:** This date will be provided to you by the Court at the hearing where the Court approves the Disclosure Statement.)
16. Name, address, and telephone number of Plan Proponent or Counsel to the Plan Proponent. In cases where there is a creditor's committee, include the name, address, and telephone number of counsel for the creditor's committee.
17. Insert documents such as Debtor's books and records, financial statements such as projections, appraisals, and evaluations, as well as who provided these documents.
18. Identify by name and title the party providing the financial information (i.e., corporate officer, managing agent, accountant, accounting firm, bookkeeper, etc.). Accountants who assist clients in the preparation of financial statements should consult Statement of Position 90-7, Financial Reporting by Entities in Reorganization Under the Bankruptcy Code, dated November 19, 1990 and prepared by the AICPA Task Force on Financial Reporting by Entities in Reorganization Under the Bankruptcy Code.
19. Insert the applicable phrase:
 - (a) corporation
 - (b) partnership
 - (c) individual

(Note: If the Debtor is an entity that is not listed above, provide a description of Debtor's entity and verify that such an entity is eligible to be a debtor.)
20. Type of business conducted by the Debtor (if applicable).
(Note: See examples on next page.)

Note: For example, if the Debtor is in the business of developing real estate, the following should be listed:

- (a) The location of the properties/lots
- (b) The size of the lots
- (c) The stage of the development for each lot
- (d) The type of development, e.g., commercial, industrial or residential

If the Debtor is a manufacturer or service provider, the following should be listed:

- (a) The type of products manufactured or services provided
- (b) The location of Debtor's business

If the Debtor is in the business of renting real estate, the following should be listed:

- (a) Location of the building(s)
- (b) Size of the building(s)
- (c) Current occupancy rate(s)
- (d) Type(s) of building, e.g., residential, commercial, industrial
- (e) Debtor's interest in the building(s) being leased

If the Debtor is an individual, the following should be listed:

- (a) Debtor's employer and description of the employer's type of business
- (b) Length of Debtor's employment
- (c) Debtor's position, including title, number of hours worked, salaried or hourly
- (d) Description of Debtor's duties
- (e) Amount of Debtor's compensation

If Debtor is no longer in business, the above information should still be provided with respect to Debtor's business immediately preceding the bankruptcy. The date Debtor ceased to conduct business should also be provided.

- 21. Approximate date and year debtor's business commenced.
- 22. Detailed list of the names and identity of Debtor's principals and affiliates. Include the amount of compensation currently paid to principals and affiliates. **(Note: See examples below.)**

For example, if Debtor is a corporation, the following must be listed:

- (a) Key members of the board of directors.
- (b) Key officers of the corporation.
- (c) Key shareholders and their respective percentage interest.

If Debtor is a partnership, the following must be provided:

- (a) Identity of all general partners since the inception of the partnership
- (b) Identity of all current limited partners.
- (c) If the general partner is a corporation, the board members, officers and shareholders must be listed.

- 23. List key management of the Debtor before the bankruptcy petition was filed; list key management of the Debtor during the course of the bankruptcy; and lastly, list key management of the Debtor after the bankruptcy.
- 24. Discuss the specific events and dates which led the debtor to file bankruptcy. **(Note: A statement to the effect that the recession caused debtor's business to fail is not specific enough.)** Proponent must disclose the receipt of any notices from any governmental agency relating in any manner to actual or potential liability on the part of the Debtor for any environment or toxic waste hazards, whether or not occurring on the Debtor's premises.

25. In chronological order, list the significant events and orders that have been entered in this case and the entry dates of the orders. Also, give a brief description of the proceedings that led to the entry of the orders.
26. Detailed list of the professionals who have obtained court approval of their employment, including (1) the professional's name, (2) scope of employment, and (3) date court approved the employment.
27. Brief description of the following: (1) each significant adversary proceeding or motion that is still pending, including objections to claims, (2) the status of each matter, (3) the effects winning or losing the matter will have on the Plan, and (4) the anticipated cost of pursuing or defending the matter.
28. Brief description of the following: (1) each significant matter that is still pending in other courts, (2) status of each matter, (i.e. whether the matter is stayed), (3) effect the outcome of the matter will have on the Plan, and (4) the anticipated cost of pursuing or defending the matter.
29. If no preference or fraudulent conveyance actions exist and none are expected to be filed, then insert an affirmative statement to that effect and delete the rest of the text under this heading.
30. Estimated total recovery in dollar amount from avoiding preferential and fraudulent transfers and anticipated total expense of pursuing those matters.
31. Provide a brief summary of each fraudulent conveyance or preference action. For each action, include the name of the defendant, summary of the underlying facts, status of the action, and the estimated amount of recovery.
32. Describe post-petition efforts made by the Debtor to remedy the problems that led to the filing of bankruptcy. (**Note:** Be specific.) Also describe the goals Debtor had in mind when implementing these procedures (e.g., save costs, increase profits).
33. The Proponent should provide a textual discussion pertaining to the Debtor's current financial condition. This discussion should inform the reader about the Debtor's current income and expenses and whether Debtor's operations, if any, are currently profitable. Each document shall identify (i) the accounting method used (e.g. cash or accrual), (ii) whether the financial statements are prepared in conformity with generally accepted accounting principles, and (iii) if the financial statements have been audited.
34. If professional(s) have agreed to payment over time, state the precise terms and payment schedule (e.g. \$_____ per months over _____ months).
35. For each chart, add more rows to the tables as necessary.
36. **NOTE:** Pursuant to policy of the Central District Clerk's Office, Court will not sign the order confirming the Plan until the Clerk's Office fees have been paid in full.
37. Total amount of administrative claims to be paid on Effective Date.
38. Amount of cash on hand on Effective Date.

39. The source(s) of all cash Debtor will have on Effective Date.
- (Note: Be specific. If several sources of cash exist, list each source and the amount of cash expected to be generated from that source.)
40. Denominated as Section 507(a)(7) for bankruptcy cases filed before October 22, 1994.
41. Denominated as Section 507(a)(7) for bankruptcy cases filed before October 22, 1994.
42. Section 507(a)(7) [now renumbered 507(a)(8) for cases filed after October 22, 1994] describing certain priority tax claims. All 507(a)(7) tax claims must be fully paid within 6 years from the date of assessment. Only unsecured tax claims of the kind described by 11 U.S.C. § 507(a)(7)[8] should be inserted here.
43. Identify the proposed payment interval (e.g., monthly, quarterly, yearly).
44. Amount of payment per payment interval.
45. The date Plan payments will commence.
46. The date Plan payments will end.
47. The interest rate paid to a Section 507(a)(8) priority tax claimant should be consistent with the rate provided by 26 U.S.C. § 6621.
48. Total percentage of claim proposed to be paid to claimant over the life of the Plan plus total dollar amount to be paid to the claimant over life of the Plan.
- 48.a Each secured claim should be placed in a separate class, unless the secured claims have identical collateral, priority, and terms of indebtedness.
- Begin numbering the classes with the number "1". The subsequent class should be numbered with the number "2". Do not use subclasses, e.g., 1.1, 1.2, etc.
49. If this class is Not Impaired, put the following in the box: "Not Impaired; claims in this class are not entitled to vote on Plan, class is deemed to have accepted Plan."
- If this class is Impaired, put the following in the box: "Impaired; claims in this class are entitled to vote on the Plan"; unless this class is not retaining or receiving any value under the Plan. In this latter case only, put "Impaired, and claims in this class are deemed to have rejected Plan."
50. Balloon payment amount, if any.
- 50a. Total percent of claim proposed to be paid to claimant over the life of the Plan plus total dollar amount to be paid to claimant over the life of Plan.
51. Omit reference to 507(a)(7) (alimony/child support priority) if case was filed before October 22, 1994 because priority would not exist for cases filed before that date.

52. Omit reference to 507(a)(7) (alimony/child support priority) if case was filed before October 22, 1994 because priority would not exist for cases filed before that date.
53. Each of the four categories of priority unsecured claims should be placed in a separate class. A separate class is not necessary for a particular category of priority unsecured claims if no claim exist in that category.
54. Insert one of the following:
(a) 11 U.S.C. § 507(a)(3)
(b) 11 U.S.C. § 507(a)(4)
(c) 11 U.S.C. § 507(a)(5)
(d) 11 U.S.C. § 507(a)(6)
55. Total amount of claims in this class.
56. If the Plan does not provide for cash payment in full on Effective Date, Plan Proponent must be able to prove that this class has accepted deferred payments pursuant to 11 U.S.C § 1129(a)(9) before the Plan can be confirmed.
57. Insert one of the following:
(a) 11 U.S.C. § 507(a)(3)
(b) 11 U.S.C. § 507(a)(4)
(c) 11 U.S.C. § 507(a)(5)
(d) 11 U.S.C. § 507(a)(6)
58. Total amount of claims in this class.
59. If this class is Not Impaired, put the following in the box: "Not Impaired; claims in this class are not entitled to vote on Plan, class is deemed to have accepted Plan."
- If this class is Impaired, put the following in the box: "Impaired; claims in this class are entitled to vote on the Plan"; unless this class is not retaining or receiving any value under the Plan. In this latter case only, put "Impaired, and claims in this class are deemed to have rejected Plan."
- 59a. Total percent of claim proposed to be paid to claimant over the life of the Plan plus total dollar amount to be paid to claimant over the life of Plan.
- 59b. If you have a convenience class allowed under 1122(b), then add as an additional unsecured class here, and at Page 5, line 17 of the Plan form, ",except general unsecured claims placed in the convenience class described hereafter."
- 59c. If you have an additional general unsecured class(es), add each here, with a separate class number. The norm is to have a single general unsecured class, or where appropriate, to have a general unsecured class plus a convenience general unsecured class (as described in footnote 59a). However, there are a few limited circumstances where it is permissible to have additional general unsecured classes, primarily where one or more general unsecured creditors are agreeing to receive worse treatment than is being given to the

rest of the general unsecured creditors, then the creditors agreeing to be treated worse can be placed in a separate general unsecured class. Do not use more than one general unsecured class unless you can justify doing so under applicable law.

60. If there is more than one class of equity holders (e.g. preferred stock and common stock), put each in a separate class and change "class" to "classes."
61. If this class is Not Impaired, put the following in the box: "Not Impaired; claims in this class are not entitled to vote on Plan, class is deemed to have accepted Plan."

If this class is Impaired, put the following in the box: "Impaired; claims in this class are entitled to vote on the Plan"; unless this class is not retaining or receiving any value under the Plan. In this latter case only, put "Impaired, and claims in this class are deemed to have rejected Plan."

62. Describe the source of funding for this Plan. Be specific and consistent with the information set forth in Section {IV.C.}
1. If property of the estate is being sold and 11 U.S.C. § 1129(B)(2)(A)(ii) applies, then explain how that section impacts on the rights of a lienholder at a sale of the property.
 2. If a buyer of the property has already been identified, then disclose the financial solvency of the proposed buyer.
63. For each entity who will be involved in post-confirmation management, state or explain the following:
- (a) Identity
 - (b) Post-confirmation managerial duties
 - (c) Amount of compensation paid pre-petition, paid currently, and to be paid post-confirmation
 - (d) Description of expertise
64. Name and identity of disbursing agent.
65. Select one:
- (a) with
 - (b) without
66. Explain whether Disbursing Agent will be compensated or reimbursed for services and expenses rendered and incurred in connection with making distributions under the Plan. If Disbursing Agent will be compensated or reimbursed, specify the exact amount and the interval of payment.

NOTE: If disbursing agent will be compensated or reimbursed, be sure to account for these additional costs when evaluating feasibility of the Plan.

67. Detailed description of all the risks that may exist which may prevent the successful consummation of the proposed Plan.

Note: For example, if the Plan will be funded by sale of property, the following risks should be disclosed:

- (a) Failure to find a buyer or a buyer willing to pay the listed price by the stated deadline set by the Plan
- (b) Inability of proposed buyer to complete sale
- (c) Possibility of foreclosure by secured creditor if debtor defaults under the plan
- (d) Terms of the sale, if known

For plans which provide for payment over time, the following risks should be discussed:

- (a) Possibility of default under terms of the Plan, i.e., possibility of inability to pay Plan payments
- (b) Financial projections provided by the Proponent may not be realized, thereby causing inability to pay Plan payments
- (c) Business environment
- (d) Debtor's competition
- (e) Nonbankruptcy law and regulation
- (f) Nonbankruptcy litigation

68. List the unexpired leases and executory contracts in sufficient detail to enable the reader to determine which Leases and contracts will be assumed. This list will enable a party to a lease or contract to quickly ascertain whether he or she needs to refer to Exhibit C or D.

Exhibits C and D are intended to provide detailed information on each Lease or contract to be assumed so that the court and any party to a particular Lease or contract can decide whether assumption is proper and desirable.

69. List all executory contracts and unexpired Leases to be rejected in sufficient detail to enable a reader to quickly ascertain whether any particular Lease or contract will be rejected.
70. Deadline for filing proof of claim based on claim arising from rejection of contract or lease. (**Note:** Typically, this date will be 30 days from Effective Date.)
71. Select one:
(a) is
(b) is not
- 71a. See 11 U.S.C. § 1129(a)(6). This section is only applicable if Debtor's business is regulated by a governmental regulatory commission. Examples include certain transportation companies and public utility companies. If Debtor is not regulated by a governmental commission, insert an affirmative statement to that effect in the Disclosure Statement. If debtor is regulated, state this and Plan must comply with 11 U.S.C. § 1129(a)(6).
- 71b. Do not change the language in this section unless the judge to whom your case is assigned has different or additional language that judge wishes to use in this section and directs you to insert that judge's specific language.
72. State the expected tax consequences of the Plan. For example, tax ramifications may include such issues as capital gains on the sale of real property and operating loss-carry forwards.

Note: If the Proponent has no idea of what such consequences might be, then the document must disclose that fact and why it is so.

Few situations exist where the tax liability should not be considered because any tax liability would affect distribution to creditors. Tax considerations might affect the likelihood of continued successful post-confirmation operation of the Debtor and may also affect the feasibility analysis. For these reasons, the Proponent should know the tax consequences of the Plan.

73. Bar date for filing a proof of claim.

Note: In most bankruptcy cases it is necessary that a bar date for filing proof of claims and interests has passed before creditors and interest holders may vote on the plan. Knowing which claims and interests have been allowed will allow the Plan Proponent to easily determine who is entitled to vote. Also, without knowing the amount and nature of the claims against the estate, it is impossible to complete a precise liquidation analysis and difficult to determine whether the Plan is feasible.

If the claims bar date has not yet passed, the motion for order approving the disclosure statement should explain why the disclosure statement and plan are proposed now instead of after the claim bar date.

74. Classes that are impaired.

75. Classes that are unimpaired. (For cases filed after October 22, 1994 please note that the Bankruptcy Reform Act of 1994 deleted § 1124(3). Therefore, creditors who receive cash in full equal to their allowed claim by the effective date would be considered impaired under the Bankruptcy Reform Act of 1994).

76. Denominated as 507(a)(7) for bankruptcy cases filed before October 22, 1994.

77. Select one:
(a) will
(b) will not

77a. List class number of each impaired class which Plan Proponent will seek to cram Plan down on if class does not accept Plan.

78. List classes that are clearly not receiving the type of treatment provided for in section 1129(b)(1). Also, in the "SUMMARY OF THE PLAN OF REORGANIZATION" section (section III.C. of the Disclosure Statement), after each class that is not receiving the type of treatment provided for in Code section 1129(b)(1), insert the following statement: "If this class does not vote to accept the Plan, the Proponent will not be allowed to cram the Plan down on this class and the Plan will not be confirmed".

79. Delete the preceding two sentences if (1) no unimpaired classes exist, or (2) the Plan does not discriminate unfairly and will give fair and equitable treatment to all impaired classes.

80. Insert the following reasons, if applicable:

a. The liquidation value of the "x" is less than its fair market value because _____. (**Note:** Be specific when justifying the difference between liquidation value and fair market value. State the basis for your justification.)

- b. In a chapter 7 case, a trustee is appointed and entitled to compensation from the bankruptcy estate in an amount not to exceed 25% of the first \$5,000 of all moneys disbursed, 10% on any amount over \$5,000 but less than \$50,000, 5% on any amount over \$50,000 but not in excess of \$1 million, and 3% on all amounts over \$1 million. In this case, the trustee's compensation is estimated to equal "x".
- c. A chapter 7 recovery is less because the Debtor is permitted to exempt a certain amount of the sales proceeds before unsecured creditors are paid anything. **(Note:** Be specific when relying on Debtor's claimed exemptions. List each exempt property, the code section which entitles the Debtor to the claimed exemption, and the amount of each exemption.)

Note: If Debtor is a partnership then § 723(a) provides that the general partners of the partnership are liable for any deficiency of property of the estate to pay in full all allowed claims. Therefore, the Proponent must disclose the financial condition of the individual general partners from whom chapter 7 trustee could seek to collect if this was a Chapter 7 case.

81. In appropriate cases, this format may be supplemented, but not reduced.
82. If Debtor owns more than one piece of real property, list each real property and its value separately.
83. Divide "Balance for unsecured claims" by "Total amt of unsecured claims". Insert the result.
84. Divide the total amount proposed to be paid to unsecured claimants under the Plan by the "Total amt of unsecured claims". Insert the result.
85. Add or delete the rows to the table when necessary to provide a row for each class of claims or interest.
86. Description of claims in Class 1.
87. Description of claims in Class 2.
88. Description of claims in Class 3.
89. Description of claims in Class 4. **(Note:** Insert more rows in the table if the Plan contains more than 4 classes.)
90. Explain sources of cash Debtor will have on Effective Date if Debtor does not currently have sufficient cash on hand to pay all claims that must be paid on Effective Date.
91. Total must match figure shown above as "Cash debtor will have on hand by Effective Date".
92. Put person or entity funds are being borrowed from.
93. Put how loan will be paid back (example, lender has agreed it will not be paid until all Plan payments are completed and then will be paid at \$____ per month at ____% until paid in full). If gift instead of borrowing, change "Borrowing" to "Gift" and state amount will never be paid back.

94. If the Plan is a liquidating plan or a plan that proposes to pay all claims on Effective Date, this section may not be applicable and may be deleted upon stating why this aspect of feasibility is not applicable to the Plan.
95. Total amount of Plan Payments to be made each payment interval.
96. Plan payment interval (e.g., monthly, yearly, quarterly).
97. Average cash flow per Plan payment interval, after paying operating expenses and post-confirmation taxes.
98. Plan payment interval.
99. The last Plan payment date.
100. Payment interval (e.g., monthly, yearly, quarterly).
101. Amount of actual average cash flow per Plan payment interval, after paying operating expenses and post-confirmation taxes, for the three years preceding the filing of this bankruptcy case.
102. Plan payment interval (e.g., monthly, yearly, quarterly).
103. Debtor's average cash flow per Plan payment interval, after paying operating expenses and post-confirmation taxes, during the bankruptcy case.
104. Select one:
(a) decrease costs
(b) increase costs
(c) decrease costs and increase income
105. **NOTE:** If the Debtor is not entitled to a discharge pursuant to 11 U.S.C. 1141(d), change this heading to "NO DISCHARGE." and follow instruction #106.
106. Choose one of the following:
(a) confirmation of the Plan
(b) payment in full of proposed plan payments to the unsecured creditors
(c) upon substantial confirmation of plan
(d) other. You must state what the other condition for or date of discharge is.

Alternatively, if debtor does not meet the test of 11 U.S.C. 1141(d)(3) for getting a discharge, then the debtor is not entitled to any discharge, and the whole paragraph under "Discharge" must be omitted and replaced with:

(e) Debtor will not receive any discharge in this bankruptcy case because debtor does not meet the test for receiving a discharge specified under 11 U.S.C. § 1141(d)(3).

Note: More evidence regarding feasibility of the Plan may be required if the Plan Proponent seeks discharge upon Plan confirmation.

107. Proponent should provide a declaration from someone who has personal knowledge of Debtor's operations and assisted in preparing the Disclosure Statement. The declarant should attest to the truthfulness and accuracy of everything stated in the Disclosure Statement.
108. The exhibit should include the following information for all assets:
1. description of property (e.g., commercial/residential real property)
 2. fair market value
 3. basis for opinion of value (e.g. income/sales approach)
 4. qualifications of person rendering opinion
 5. any significant differences between an asset's value as listed in this exhibit and its value as stated in the Debtor's schedules should be explained in a footnote to this exhibit.

TOTAL ASSETS = _____

Proponent must describe each item of property with particularity and give a value for each item separately. If possible, Proponent should also provide a going concern value for the business as a whole so long as the foundation for that opinion is explained. For accounts receivable, the Proponent must explain the likelihood of collecting the accounts and for what amount. In addition, the debtor's status as a plaintiff in a lawsuit represents potential value to the estate. Although it may be difficult to estimate the exact value of a lawsuit, an effort must be made to present a low and high range of value and the foundation for such belief. The amount of cash on hand must also be disclosed, including, for any real property, any prepaid rent or security deposits paid by tenants and held by the Debtor.

109. List and attach actual financial statements for the three years preceding bankruptcy (e.g., balance sheets, cash flow statements, income and expense statements).

List and attach projected financial statements for the life of the Plan.

(Note: Income and expense statements should be organized at the payment interval rate. In other words, if the Plan proposes to make payments on a monthly interval, the historical and projected income and expense statements should be organized on a monthly basis unless the Judge directs otherwise.)

- 109a. Note that the Court can only confirm a plan which provides for assumption of executory contracts or unexpired leases if the plan proponent proves, as part of plan confirmation, that all elements of 11 U.S.C. § 365 governing assumption of executory contracts and unexpired leases are met -- including curing all defaults, paying all damages caused by defaults and providing that the party assuming the contract has capacity to perform the remainder of the contract/lease. Each of these elements necessary for assumption must be proved by declarations or other admissible evidence presented to the court by plan proponent as part of the plan confirmation process.

110. Description of leased property or asset, including address of real property, if applicable.
111. Actual pecuniary loss consists of damages other than lease payment default amount, if any.
112. Describe how the Debtor is assuring performance on the remaining obligation under the lease, e.g., addition of guarantor.
113. List cash in all accounts in the manner shown in Exhibit E.
114. Assets in inventory should be valued at the amount they can be sold for in an orderly liquidation. If someone other than a qualified appraiser provides this value, then the basis for the non-appraiser's knowledge must be disclosed. If an appraiser, auctioneer, or other financial advisor is hired to determine this value, a report from the appraiser should be attached as an exhibit. The appraiser, auctioneer, or other financial advisor should be independent of the Debtor and should provide a declaration certifying his/her independence and qualifications as an expert for valuation of this type of asset.
115. Office furniture, equipment and machinery should be valued at the amount they can be sold for in an orderly liquidation. Disclose whether the total liquidation value assumes sales items individually or by lot.

If someone other than a qualified appraiser, auctioneer, or other financial advisor provides this value, the basis for the non-appraiser's knowledge must be disclosed. If an appraiser, auctioneer, or other financial advisor is hired to determine this value, a report should be attached as an exhibit. The appraiser, auctioneer, or other financial advisor should be independent of the Debtor and should provide a declaration certifying his/her independence and qualifications as an expert for valuation of this type of asset.

116. Provide an itemized list of assets and the corresponding value for each asset.

Automobiles should be valued at wholesale value as reported by the most recent "Kelley Blue Book." Unlisted transportation equipment should be valued by an independent appraiser. The appraisal report should be attached as an exhibit and the appraiser should submit a declaration attesting to his/her independence and qualifications as an expert for valuing this type of asset. If someone other than a qualified appraiser provides this value, the basis for the non-appraiser's knowledge must be disclosed.

117. Real property assets should be valued at the amount they can be sold for in an orderly liquidation. Provide an itemized list of real properties and the corresponding liquidation value for each property.

An appraiser or a real estate broker should be utilized to determine this value. A report from the appraiser should be attached as an exhibit. The appraiser should be independent of the Debtor and the appraiser should provide a declaration certifying his/her independence and qualifications as an expert for valuation of this type of asset. If someone other than a qualified appraiser provides this value, the basis for the non-appraiser's knowledge must be disclosed.

118. Other assets should be valued at the amount they can be sold for in an orderly liquidation. Provide an itemized list of assets and the corresponding liquidation value for each. Other assets may include, but are not limited to, assets to which exemptions apply, antiques and collectibles, trademarks, stock, liquor licenses and other assets listed on the Debtor's Schedule B.

An appraiser, auctioneer, or other financial advisor should be hired to determine the liquidation value. A report from the appraiser, auctioneer, or other financial advisor should be attached as an exhibit. The appraiser, auctioneer, or other financial advisor should be independent of the debtor and should provide a declaration certifying his/her independence and qualifications as an expert for valuation of this type of asset. If someone other than a qualified appraiser provides this value, the basis for the non-appraiser's knowledge must be disclosed. If a Chapter 7 Trustee could realize value from any of the avoidance actions, preference actions or other lawsuits which

are assets of the Debtor, the value of such actions likely to be realized by the Chapter 7 Trustee must also be disclosed, as well as the assumptions underlying the value.

Revision Date in WordPerfect 6.1 (Windows): December 24, 1996